



JAMES A. NOYES, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331

Telephone: (626) 458-5100
www.ladpw.org

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE
REFER TO FILE: **W-0**

June 19, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**PUBLIC HEARING FOR A WATER WELL SURCHARGE,
CAPITAL IMPROVEMENT BILLING UNIT CHARGE, AND COOPERATIVE AGREEMENT
WITH HASLEY CANYON LAND COMPANY, L.L.C. FOR
LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE
SUPERVISORIAL DISTRICT 5
3 VOTES**

IT IS RECOMMENDED THAT YOUR BOARD AFTER THE PUBLIC HEARING:

As the governing body of the Los Angeles County Waterworks District No. 36,
Val Verde:

1. Approve: (a) a Water Well Surcharge of \$4.90 per month per metered connection to be collected during a 7-year period, and (b) a Capital Improvement Billing Unit Charge of \$2,800.00 per billing unit, as defined in the Rules and Regulations of the Los Angeles County Waterworks Districts, to be applied to property not previously served with water or presently served and requesting a larger meter service, beginning upon the effective day of this resolution for Los Angeles County Waterworks District No. 36, Val Verde, Accumulative Capital Outlay (ACO) Fund N47.

2. Find that the proposed resolution amending the Rules and Regulations of the Los Angeles County Waterworks Districts and the Cooperative Agreement with Hasley Canyon Land Company, L.L.C., (Hasley), developer of Tract No. 52584, is to fund capital projects to maintain services in existing service areas and is, therefore, exempt from the California Environmental Quality Act (CEQA) pursuant to Section 21080(b)(8) of the Public Resources Code.
3. Adopt the enclosed proposed resolution amending the Rules and Regulations of the Los Angeles County Waterworks Districts.
4. Execute a Cooperative Agreement with Hasley to provide financing for the construction of a potable water well to be effective one day after the execution of the proposed resolution.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Currently, the District receives all of its water supplies from the Castaic Lake Water Agency which provides State Water Project water. Because in any given year, State Water Project water may be reduced due to dry weather conditions, regulatory factors, or emergencies, it is critical that the District have another source of water to supply its customers. A new water well is the other source of local water supply. Currently, the District's ACO Fund does not have sufficient funds available to pay for the construction of a new water well. Therefore, the District must enter into a Cooperative Agreement with Hasley, developer of Tract No. 52584, to finance the construction of these improvements and complete them as part of the Hasley development. The development's water well and appurtenances would be oversized to include capacity to service the District's existing customers. The entire project will be initially financed by Hasley. The District will reimburse Hasley over a 7-year period for the oversizing of the facilities

To fund the Districts' share of the proposed capital improvements needed to provide this primary source of water supply, the District must pay approximately \$1,198,000. This cost will be repaid over a 7-year period from the proceeds of the Water Well Surcharge of \$4.90 per month per service connection which will generate \$498,000. The remaining \$700,000 will be generated by the District's current fees.

The new Capital Improvement Billing Unit Charge of \$2,800 per billing unit will be levied on new developments of vacant parcels of land not previously served with water or on presently served parcels requesting a larger meter service. This charge will provide funding to upgrade the existing water system facilities to meet the additional water demand generated from new development.

On November 20, 2002, we presented the need for the proposed changes at the town hall meeting. Twenty-two people attended the meeting. Discussion included the ability of every customer to pay for the Water Well Surcharge and the impact of new water wells on existing wells. We have received no letters in opposition to this proposal.

Implementation of Strategic Plan Goals

This action is consistent with the County Strategic Plan Goals of Financial Responsibility and Service Excellence. The additional funding generated from the Water Well Surcharge will provide sufficient funds for the construction of a potable water well and appurtenances. These actions will provide needed water services and protection for the health and safety of the District's customers.

FISCAL IMPACT/FINANCING

There will be no impact to the County's General Fund.

The construction cost of the well and appurtenances is estimated to be \$1.86 million. The entire project will be initially financed by Hasley. However, the District will repay Hasley \$1,198,000 over a 7-year period for oversizing the facilities to serve its existing customers.

The additional annual revenue generated from the Water Well Surcharge over the 7-year period will total approximately \$498,000. The District's ACO Fund will also contribute another \$700,000 for a total of \$1,198,000 to supplement the funding of the proposed well construction.

The Capital Improvement Billing Unit Charge is estimated to generate approximately \$4.2 million for our ACO Fund over the next 20 years for the benefit of new development. The \$4.2 million will be utilized to construct a potable water well, forebay tank, disinfection facility, pumping station, water storage reservoirs, and acquire land for these facilities.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Establishing the Water Well Surcharge and Capital Improvement Billing Unit Charge is authorized by Section 55501 of the Water Code. Adoption of this resolution will revise the District's Rules and Regulations adopted pursuant to Water Code Section 55333.

To comply with the requirements of Sections 6062a, 66016, and 66018.(a) of the Government Code, the fee increases may only be adopted after a public hearing. These Code Sections also require that notice of the hearing be mailed to all interested parties who file a written request for such and that notice be published two times in a newspaper of general circulation within a 10-day period with at least 5 intervening days. As of the date of the notice, no valid written request was on file with Public Works nor in the Executive Office of the Board of Supervisors.

The public hearing is being held pursuant to Section 66018.(a) of the Government Code. Notice of the time and place of the hearing was published pursuant to Government Code Section 6062a.

County Counsel has reviewed and approved the proposed resolution, Notice of Hearing, and Cooperative Agreement as to form.

ENVIRONMENTAL DOCUMENTATION

These actions and the proposed resolution amending the Rules and Regulations of the Los Angeles County Waterworks Districts and the Cooperative Agreement with the developer are to fund operating expenses and capital projects to maintain services in existing service areas and are, therefore, exempt from the CEQA pursuant to Section 21080(b)(8) of the Public Resources Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no negative impact on current County services or projects during the performance of the recommended services.

The Honorable Board of Supervisors
June 19, 2003
Page 5

CONCLUSION

Please return two adopted copies of this letter, one copy of the resolution marked "LACWWD," three approved copies of the Agreement marked "LACWWD," "Hasley 1," and "Hasley 2," and the enclosed documentation to Public Works, Waterworks and Sewer Maintenance Division. The copy of the Agreement and resolution marked "County" is for your files. In addition, please forward one approved copy of this letter to the Auditor-Controller.

Respectfully submitted,

JAMES A. NOYES
Director of Public Works

GE:nm
BDL2127

Enc.

cc: Auditor-Controller
Chief Administrative Office
County Counsel

INSTRUCTION SHEET FOR PUBLISHING
LEGAL ADVERTISEMENTS

TO: Executive Officer-Clerk of the Board
Board of Supervisors
County of Los Angeles

FROM: Department of Public Works
Waterworks and Sewer Maintenance Division

**NOTICE OF HEARING
ON A PROPOSED WATER RATE INCREASE FOR LOS ANGELES COUNTY
WATERWORKS DISTRICT NO. 36, VAL VERDE**

Publishing

That the Executive Officer of the Board of Supervisors shall cause notice of the public hearing, in the form and manner specified in Sections 66016, 66018.(a), and 6062a of the Government Code, to be published once a week for two consecutive weeks in the _____, a newspaper published and circulated in the County of Los Angeles, which is hereby designated for that purpose, such publication to be completed not less than 10 days prior to the date of said hearing.

Should there be any questions regarding this matter, please contact Mr. Manuel del Real, of this office, at (626) 300-3300, Monday through Thursday, 7 a.m. to 5:45 p.m.

**LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE
NOTICE OF PUBLIC HEARING
FOR A
PROPOSED WATER RATE INCREASE**

The Los Angeles County Board of Supervisors will hold a public hearing on _____, at 9:30 a.m., in the Hearing Room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, California 90012, in the matter of adopting a water rate increase.

The District has determined that there is a significant threat of water shortages in the future. To maintain a safe, reliable source of water for the existing customers, it is necessary to drill and equip a potable water well. To fund the construction of a new water well and appurtenances, it is necessary to apply a surcharge to existing metered services of \$4.90 per month per metered connection for a 7-year period.

In order to provide reliable sources of water for future customers, it is necessary to impose on future development projects a Capital Improvement Billing Unit charge of \$2,800 per billing unit. A Billing Unit is equivalent to a single-family residential water meter of 3/4-inch by 1-inch.

The Board of Supervisors will consider and may approve the water rate increases as recommended by the Director of Public Works. For further information regarding this matter, please call (626) 300-3300.

Para mas informacion en relacion a esta noticia, favor de llamar al numero (626) 300-3300. Nuestras horas de oficina son de 7:00 a.m. a 5:45 p.m., de lunes a jueves.

VIOLET VARONA-LUKENS
Executive Officer of the
Board of Supervisors of the
County of Los Angeles

By _____

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES, CALIFORNIA, APPROVING ESTABLISHMENT OF A WATER WELL
SURCHARGE AND A CAPITAL IMPROVEMENT BILLING UNIT CHARGE IN
LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE**

WHEREAS, the Los Angeles County Waterworks District No. 36, Val Verde's supply of potable water is from a single source and subject to interruption; and

WHEREAS, the District has determined that there is a significant threat of water shortages in the future; and

WHEREAS, in order to maintain a safe, reliable source of water for the existing customers, the District determined that it is necessary to create a second source by drilling and equipping a potable water well, including appurtenances; and

WHEREAS, in order to generate sufficient funds to construct the new water well and appurtenant facilities, it is necessary to apply a surcharge to existing metered water services, which shall be referred to as WATER WELL SURCHARGE; and

WHEREAS, in order to provide a reliable source of water for future customers, it is necessary to impose on future development projects a CAPITAL IMPROVEMENT BILLING UNIT CHARGE; and

NOW, THEREFORE, BE IT RESOLVED THAT

(1) The Board of Supervisors of the County of Los Angeles, as the governing body of the Los Angeles County Waterworks District No. 36, Val Verde, does hereby approve the WATER WELL SURCHARGE of \$4.90 per month per metered connection on existing customers to be imposed each of the next seven years and the CAPITAL IMPROVEMENT BILLING UNIT CHARGE of \$2,800.00 per billing unit to be imposed on all future development (Attachment A); and

(2) The WATER WELL SURCHARGE and the CAPITAL IMPROVEMENT BILLING UNIT CHARGE shall become effective with the next billing cycle 30 days or more after approval of this Resolution.

The foregoing Resolution was on the ____ day of ___, 2003, adopted by the Board of Supervisors of the County of Los Angeles as the governing body of the Los Angeles County Waterworks District No. 36, Val Verde.

VIOLET VARONA-LUKENS
Executive Officer of the
Board of Supervisors of
the County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By _____
Deputy

ATTACHMENT A

SECTION 1. Rule 2-A-20a of the Rules and Regulations of the Los Angeles County Waterworks Districts is amended to read:

WATER SOLD TO CUSTOMERS WITHIN DISTRICT:

RATE SCHEDULE 3605

<u>Meter Size</u>	<u>Billing Units</u>	<u>Monthly Allowance 100 Cu. Ft.</u>	<u>Monthly Service Charge</u>
5/8"x3/4"	1	5	\$10.94
3/4"	1	5	10.94
3/4"x1"	1	5	10.94
1"	2	10	21.88
1-1/2"	3	15	32.82
2"	5	25	54.70
2-1/2"	7	35	76.58
3"	11	55	120.34
4"	17	85	185.98
6"	33	165	361.02
8"	53	265	579.82
10"	77	385	842.38
12"	100	500	1,094.00

SERVICE CHARGE per month for meter sizes other than shown above, the charge per billing unit is \$10.94.

QUANTITY CHARGE for each 100 cubic feet of water used in a month in excess of the monthly allowance is \$1.44.

Service Charge includes 500 cubic feet of water per billing unit per month.

See RULE 2-A-20c for FACILITIES CONSTRUCTION SURCHARGE.

See RULE 2-A-20d for WATER WELL SURCHARGE.

SECTION 2. Rule 2-A-20d is hereby added to Part 2 of the Rules and Regulations of the Los Angeles County Waterworks Districts to read:

A Water Well Surcharge of \$4.90 per month per metered connection is hereby imposed for a period of seven years.

SECTION 3. Rule 4-A-1o of part 4 of the Rules and Regulations of the Los Angeles County Waterworks Districts is amended to read:

WATERWORKS DISTRICT NO. 36, VAL VERDE:

1. All lands lying within the boundaries of Waterworks District No. 36 as of July 1, 1966, and for which the Waterworks District has at any time prior to July 1, 1966, provided water service, or for which the Waterworks Districts was as of July 1, 1966, providing water service, are hereby deemed not to be subject to the Capital Improvement (acreage) Charges of said Waterworks District, except as stated in the first paragraph of Rule 4-A-1 and Rule 1-A-49 and any applicable parts of this subrule.
2. All lands lying within the boundaries of Waterworks District No. 36, as of July 1, 1966, not previously provided with water service prior to July 1, 1966, or not being provided with water services as of July 1, 1966 by the District, and lying outside of the areas defined in the parts of this subrule other than Part 3 and 4 are hereby subject to a Capital Improvement Charge as follows, less applicable credits defined in Rule 1-I-2a, b and c. No credit pursuant to Rule 1-I-2d is applicable to the lands of the area defined in Parts 3 and 4 of this subrule.

Lands where there is no fire flow requirement for the premises, per acre
..... \$1,267.00

Lands where the fire flow requirement of the premises is:

Fire Flow @ 20 psi (gpm)			<u>Duration</u>	<u>Charge Per Acre</u>
0	to	750	2 Hours	\$ 1,334.00
751	to	1,250	2 Hours	1,393.00
1,251	to	1,750	2 Hours	1,459.00
1,751	to	2,250	2 Hours	1,519.00
2,251	to	2,750	2 Hours	1,585.00
2,751	to	3,250	3 Hours	1,646.00
3,251	to	3,750	3 Hours	1,713.00
3,751	to	4,250	4 Hours	1,772.00
4,251	to	5,000	5 Hours	1,897.00

For other conditions of fire flow and duration, the per acre charge will be based on an engineering estimate of costs.

3. All lands fronting, backing, or siding as of July 11, 1964 on water mains of the water system acquired by the District from the Val Verde County Water District (Board of Supervisors Agreement No. 8492, approved July 14, 1964) receive no credit pursuant to Rule 1-I-2d against the Capital Improvement Charges remaining after consideration of credits applicable, pursuant to Rule 1-I-2a, b and c.
4. All lands fronting on the water mains obtained from Ben Gilmour, et. al., in Gilmour Road and in Byfield Road and which can be served therefrom as determined by the District shall be exempt from Capital Improvement Charges to the extent those charges existed on September 16, 1982, except as stated in Rule 1-A-49.
5. WATERWORKS DISTRICT NO. 36, VAL VERDE, CAPITAL IMPROVEMENT BILLING UNIT CHARGE:

All lands lying within the boundaries of Waterworks District No. 36 as of the effective date of this Rule not previously served with water service, or presently served and requesting a larger metered water service, is hereby subject to a Capital Improvement Billing Unit Charge of \$2,800.00 per billing unit. The Capital Improvement Billing Unit Charge for upgrading a metered service from a smaller to a larger size will be the difference in the billing units multiplied by said amount. Credits which are defined as the agreed value of land or Capital Improvements, or both, offered by the applicant and accepted by the District, may be granted to offset the Capital Improvement Billing Unit Charge.

**COOPERATIVE AGREEMENT FOR WELL DEVELOPMENT
AND APPURTENANT FACILITIES**

LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE

This Cooperative Agreement for Well Development and Appurtenant Facilities (the "AGREEMENT"), is made and entered into as of this ____ day of _____, 2003, between HASLEY CANYON LAND CO., L.L.C. (the "OWNER") and Los Angeles County Waterworks District No. 36, Val Verde, a county waterworks district formed pursuant to Sections 55000 *et seq.* of the Water Code (the "DISTRICT").

RECITALS

WHEREAS, the DISTRICT is a water purveyor in the Hasley Canyon and Val Verde areas of Los Angeles County; and

WHEREAS, the OWNER is the owner and developer of certain real property in the Hasley Canyon area of Los Angeles County, known as Tract No. 52584, which consists of single-family residential lots, a clubhouse (the "DEVELOPMENT"), and a golf course; and

WHEREAS, the OWNER has applied to the DISTRICT for service of potable water for the DEVELOPMENT; and

WHEREAS, as a condition to obtain water service from the DISTRICT, developers are obligated, at their sole cost and expense, to construct and install a water systems sufficient to serve their developments and/or to upgrade the water systems in the vicinity of their developments to meet the DISTRICT's standards, including the DISTRICT'S domestic and fire flow requirements (the "REQUIRED IMPROVEMENTS"); and

WHEREAS, following construction and installation of REQUIRED IMPROVEMENTS to the DISTRICT's satisfaction, the DISTRICT customarily accepts ownership of the REQUIRED IMPROVEMENTS for operation and maintenance; and

WHEREAS, the REQUIRED IMPROVEMENTS for the DEVELOPMENT include, without limitation, the construction, installation and/or completion, to the DISTRICT's sole, full and complete satisfaction, of the following items:

- i) Construction of the in-tract water distribution system for the DEVELOPMENT;
- ii) Connection of the in-tract water distribution system for the DEVELOPMENT to the existing DISTRICT's water infrastructure in Hasley Canyon (1,598 pressure zone);

- iii) Construction of a deep well (the "SMALLER WELL") into the Saugus Formation with the capacity to produce 230 gallons per minute (gpm) of water;
- iv) Construction of a forebay tank and a disinfection facility for the SMALLER WELL;
- v) Construction of a booster pumping station for the SMALLER WELL;
- vi) Dedication in fee to the DISTRICT of a geologically stable utility site, including access thereto, which is acceptable to the DISTRICT, free of any liens, encumbrances or hazardous materials, for a SMALLER WELL, forebay tank, disinfection facility, booster pumping station, and related appurtenant facilities;
- vii) Construction of a welded steel water reservoir and appurtenances with a minimum capacity of 500,000 gallons (needed to serve PROPERTY'S needs only), including appurtenant plumbing (pressure zone to be determined);
- viii) Dedication in fee to the DISTRICT of a geologically stable site for a welded steel reservoir and appurtenances referenced above, with a minimum capacity of 500,000 gallons, including access thereto, which is acceptable to the DISTRICT, free of any liens, encumbrances or hazardous materials.
- ix) Payment of all standard fees of the DISTRICT; and

WHEREAS, the DISTRICT desires to enhance water service to its existing customers outside of the DEVELOPMENT by providing an additional source of water; and

WHEREAS, the DISTRICT desires and under terms of this AGREEMENT, the OWNER shall provide an additional source of water for existing DISTRICT customers outside of Tract 52584 by providing the site and increasing the size and capacity of the i) SMALLER WELL; ii) forebay tank; iii) booster pumping station; iv) disinfection facility; and v) appurtenant facilities to create, collectively, a "LARGER WELL" to produce 1,500 gpm of water instead of the 230 gpm of the SMALLER WELL; and

WHEREAS, the DISTRICT has agreed to pay the difference in cost between the SMALLER WELL and the LARGER WELL over a period of seven years as set forth in this AGREEMENT.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, the parties agree as follows:

- (1) The OWNER is fully responsible to design the LARGER WELL and dedicate in fee to the DISTRICT a geologically stable site for the LARGER WELL, including access thereto, all to the satisfaction of the DISTRICT, free of any liens, encumbrances, or hazardous materials, and to develop plans and specifications, including all necessary environmental documents to comply with the California Environmental Quality Act requirements, employing Civil Engineers licensed by the State of California, to meet all legal requirements and all industry, professional, and DISTRICT standards (collectively, the "STANDARDS"). The OWNER is fully responsible for submitting said plans and specifications for the LARGER WELL to the DISTRICT to be reviewed and approved as being in conformity with the STANDARDS of the DISTRICT (the "APPROVED PLANS").
- (2) The OWNER is fully responsible for the design, construction and installation of the LARGER WELL (the "WORK"), employing contractors licensed by the State of California, pursuant to the STANDARDS and APPROVED PLANS. In addition, the OWNER shall warrant the WORK against defective workmanship and materials for a period of 1 year from the date of WELL ACCEPTANCE, as defined below. Notwithstanding the foregoing, any inspections, approvals, or acceptances by the DISTRICT pursuant to this AGREEMENT or of any regulatory agency shall not in any manner diminish or release the OWNER from said responsibilities.
- (3) The DISTRICT shall not be construed as a party to any contracts or agreements with third parties procured by the OWNER in connection with the LARGER WELL.
- (4) The OWNER will obtain all necessary permits for the completion of the LARGER WELL and pay all required inspection fees.
- (5) The OWNER shall be fully responsible for the initial payment of all costs and expenses relating to the LARGER WELL.
- (6) For purposes of this AGREEMENT "WELL ACCEPTANCE" shall mean completion of the steps described in the attached **Attachment 1**. This AGREEMENT alone shall not obligate the DISTRICT to accept any REQUIRED IMPROVEMENT or the LARGER WELL.
- (7) Following the DISTRICT's WELL ACCEPTANCE, the OWNER shall submit to DISTRICT a full and final accounting (the "FINAL ACCOUNTING") of the actual payments to third-party contractors relating to the construction of the LARGER WELL and an itemized invoice for DISTRICT'S share of those actual costs.

- (8) Together with the FINAL ACCOUNTING the OWNER must submit copies of all invoices from all third-party contractors or consultants that performed any work on the design or construction of the LARGER WELL and written releases from said contractors or consultants in favor of the DISTRICT that they received final payment for their work and that no mechanics' liens would attach against the LARGER WELL.
- (9) At the time of WELL ACCEPTANCE, the DISTRICT shall provide credit in favor of the OWNER against DISTRICT fees based on the oversizing of the SMALLER WELL, only to the extent a credit may be applicable under the DISTRICT'S Rules and Regulations, in effect on the date of WELL ACCEPTANCE.
- (10) Within sixty (60) days of delivery of an invoice by the OWNER after the DISTRICT's acceptance of the FINAL ACCOUNTING (the "INITIAL DUE DATE"), the DISTRICT shall begin reimbursement to the OWNER for 1270/1500 (the "DISTRICT'S SHARE") of the actual payments paid to the third-party contractors employed to construct and install the LARGER WELL, by making the first of seven (7) equal annual installments to OWNER of one seventh ($1/7$) of the DISTRICT's share of said fees. Following the INITIAL DUE DATE, within 60 days following receipt of invoices from the OWNER on each of the succeeding six anniversary dates thereafter, respectively, the DISTRICT shall pay one seventh ($1/7$) of the DISTRICT'S SHARE of said fees. Notwithstanding the foregoing, the OWNER shall not be entitled to any interest or additional fees relating to any outstanding amounts of the DISTRICT'S SHARE.
- (11) The DISTRICT's WELL ACCEPTANCE and the OWNER'S completion of the REQUIRED IMPROVEMENTS to the satisfaction of the DISTRICT shall be prerequisites to any service of water by the DISTRICT to the DEVELOPMENT.
- (12) The OWNER shall indemnify, defend (with counsel that the DISTRICT may select, at DISTRICT's sole and absolute discretion), protect and hold harmless the DISTRICT and the County of Los Angeles and its special districts (as third-party beneficiaries), their Supervisors, officers, employees, agents and successors in ownership of the Property (collectively, "Indemnified Parties" or singularly, "Indemnified Party") from and against all claims, actual damages (including, without limitation special and consequential damages), punitive damages, injuries, costs, response costs, losses, demands, debts, liens, liabilities, causes of action, suits, legal and administrative proceedings, interest, fines, charges, penalties and expenses (including without limitation attorneys', engineers', consultants' and expert witness fees and costs incurred in defending against any of the foregoing or in enforcing this indemnity) of any kind whatsoever paid, incurred or suffered by any Indemnified Party, or asserted against the LARGER WELL (collectively, the "Loss"), directly or indirectly arising from or attributable to (i) the design, installation or construction of the LARGER WELL for a period of 1 year from the date of WELL ACCEPTANCE; ii) any lien or encumbrance resulting from work performed prior to WELL ACCEPTANCE, against the LARGER WELL or any property transferred to

the DISTRICT in connection therewith, including, without limitation, relating to any mechanics' lien for work performed prior to WELL ACCEPTANCE; and iii) the presence or alleged presence of any Hazardous Materials that the OWNER either knew or should have known, based on a reasonable investigation, to have existed on, under or in connection with the LARGER WELL on or prior to the date of WELL ACCEPTANCE. In addition to being an agreement enforceable under the laws of the State of California, the foregoing indemnity is intended by the parties to be an agreement pursuant to 42 U.S.C. Section 9607(e), Section 107(e) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), and California Health and Safety Code Section 25364.

- (13) The following are addresses for notice hereunder:

OWNER: Hasley Canyon Land Co., L. L. C.
233 Wilshire Blvd., Suite 800
Santa Monica, CA 90401

Attention Daniel Palmer

DISTRICT: Los Angeles County Waterworks
District No. 36, Val Verde
P.O. Box 1460
Alhambra, California 91802-1460

Attention Manuel del Real

- (14) Any and all notices, demands or other communications required between the parties shall be in writing. Any party hereto may change its address for the purpose of receiving notices, demands, and other communications by written notice to the other party.
- (15) This Agreement and all performance under it shall, in all respects, be governed by the laws of the State of California.
- (16) This Agreement shall be binding upon the successors and assigns of the parties. The Agreement shall not be assigned without the prior written consent of the DISTRICT.
- (17) No amendment, change, or modification of this document shall be valid unless in writing and signed by both parties or their successors in interest.
- (18) This AGREEMENT constitutes the entire understanding and agreement of the parties regarding the subject matters herein and hereby supersedes all prior or contemporaneous oral or written agreements or communications between the parties concerning the same.

- (19) The term "hazardous materials" or "Hazardous Materials" shall mean industrial, toxic or hazardous substances or wastes or other pollutants, contaminants, petroleum products or chemicals including, without limitation, antimony, arsenic, cadmium, chromium, copper, lead, nickel, or other metals, gasoline (and its components), diesel (and its components), heavy petroleum hydrocarbons, benzene, toluene, ethylbenzene, xylenes, chloromethane, chloroform, cis-1,2-dichloroethene, sec-butylbenzene, isopropylbenzene, 4-isopropyltoluene, trichloroethane (trichloroethylene), 1,2-dichloroethane, tertiary butyl alcohol (TBA), 1,2,4-trimethylbenzene, 1,3,5-trimethylbenzene, 1,2-dichloroethane, naphthalene, n-propylbenzene, DDD, DDE, DDT, base neutral acids, zinc, polynuclear aromatic hydrocarbons (PAHs), BHC and other pesticides or herbicides, dichloroethylene, parachlorobenzene sulfonic acid (pCBSA), styrene, anthracene, chrysene, fluorene, phenanthrene, phenol, butadiene, propane, synthetic rubber, oils, caustics, hydrochloric acid, sulfuric acid, butane, butylene, soap solutions, acid solutions, aluminum chlorides, acid sludges, aqueous wastes, lime slurry, zeolite, monochlorobenzene (chlorobenzene), and tetrachloromethane (tetrachloroethylene) or volatile organic compounds.

IN WITNESS WHEREOF, THE PARTIES hereto have caused this Agreement to be executed by their respective officers, duly authorized by HASLEY CANYON LAND CO., L. L. C. on _____ and by the LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE, on _____ .

ATTEST:

COUNTY OF LOS ANGELES
LOS ANGELES COUNTY WATERWORKS
DISTRICT NO. 36, VAL VERDE

VIOLET VARONA-LUKENS
Executive Officer of the

By _____
Chair, Board of Supervisors

Board of Supervisors of
the County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By _____
Deputy

AGREED:

HASLEY CANYON LAND CO., L.L.C.
a Delaware limited liability company

By: PALMER-HASLEY, LLC
a California limited liability company, a Manager and a Member

By: PALMER INVESTMENTS, INC.
a California corporation, the Manager and a Member

By: _____
Dan S. Palmer, Jr., its President

By: HIGHRIDGE HASLEY, L.L.C.,
a Delaware limited liability company, Member

By: HR-HASLEY INVESTORS, L.L.C.,
a Delaware limited liability company, Manager and a Member

By: LAMCO REAL PROPERTY, INC.,
a California corporation, Manager

By: _____

Its _____

GMP:lb
AGMT4

ATTACHMENT 1

WELL ACCEPTANCE shall include:

1. The OWNER shall dedicate (in fee) the site of the LARGER WELL to the DISTRICT free of liens and encumbrances.
2. Construction of LARGER WELL shall be completed by the OWNER and field accepted by the DISTRICT.
3. Submittal by the OWNER of an executed Offer of Dedication for the LARGER WELL (See Exhibit A).
4. Acceptance of the executed Offer of Dedication for the LARGER WELL by the Los Angeles County Board of Supervisors as the governing body of the DISTRICT.
5. Submittal by the OWNER of a “reproducible” copy of the original design tracings, signed and dated by the Design Engineer, upon which are shown “As-Built” conditions for the LARGER WELL, and two (2) copies of these “As-Built” drawings.

EXHIBIT A

(Type on Developer's Letterhead)

OFFER OF DEDICATION

Honorable Board of Supervisors
County of Los Angeles
California

(I), (We), _____, the undersigned being (a corporation incorporated in the State of _____),
(an individual), (an individual doing business as a company), (a partnership of the following named persons, companies, or other so
designated persons _____), (_____ a local government agency/special
district, etc.), (_____ a state or federal agency) and all being the developers and owners of
(Tract No. _____), (Parcel Map No. _____) filed in Book _____, page(s) _____
of (Maps), (Parcel Maps) in the office of the Recorder of the County of Los Angeles (or if not a Tract or Parcel Map some specific name
for the development is to be inserted herein) hereby declare that water system and appurtenances constructed under a private contract
in accordance with Specifications and Plans filed in the office of the Los Angeles County Waterworks District No. _____,
c/o Waterworks and Sewer Maintenance Division, Department of Public Works, identified as Specifications No. WWD _____
- _____ (PC), were built for public use, and upon their acceptance by your honorable body as governing body of Los Angeles
County Waterworks District No. _____, all rights, title, and interest of the undersigned in and to said water system and appurtenances
shall vest in Los Angeles County Waterworks District No. _____, _____.

Date: _____

(We)

(Signature)

(Type Name and Title)

(Signature)

(Type Name and Title)

ACCEPTANCE BY BOARD

On _____, _____, the Board of Supervisors of the County of Los Angeles as the governing body of said
Los Angeles County Waterworks District accepted the interests represented by this Offer of Dedication and instructed the Executive
Officer – Clerk of the Board of Supervisors to return this adopted Offer of Dedication to Waterworks and Sewer Maintenance Division,
Department of Public Works for recordation and further processing.

Executive Officer – Clerk of the Board of Supervisors

By: _____

(Note: See reverse for instructions for signing the Offer of Dedication)

INSTRUCTION SHEET FOR COMPLETING AND EXECUTING THE OFFER OF DEDICATION

1. All signatures on the Offer of Dedication form must be notarized and the notary form(s) therefore affixed by staple.
2. All form blanks shall be by typed or printed and the name of the entity (corporation, partnership, etc.) must appear over the signature(s).
 - a. For a corporation, the president or vice president **and** the secretary or assistant secretary must sign and the corporate seal must be affixed over or by the signatures. Others may sign for the corporation if the Waterworks District is furnished a certified copy of a resolution of the corporate board of directors authorizing them to do so. The Offer must be made on corporate letterhead.
 - b. For an individual and an individual doing business as (dba) a company, only the individual is required to sign the agreement. Another person may sign for the individual if the Waterworks District is furnished a copy of a certified power-of-attorney authorizing the other person to sign, to which a notary's acknowledgment has been added.
 - c. For a partnership, the appropriate person(s) of the partnership authorized to sign must do so. The Waterworks District shall be furnished with the copy of a certified statement signed by all of the partners, naming all persons of the partnership and designating the person(s) authorized to sign for the partnership, to which a notary's acknowledgment has been added.
 - d. For a joint venture, the authorized person(s) of the joint venture must sign. The Waterworks District shall be furnished with a copy of a statement signed by all members of the joint venture, naming all principal parties of the venture, and designating the person(s) authorized to sign for the venture, to which a notary's acknowledgment has been added.
 - e. For a local government agency, the president/chairman of agency's governing body is required to sign for the agency **and** the secretary/clerk of the agency's governing body must attest to the signature and affix the agency seal. Others may sign for the agency if the Waterworks District is furnished with a secretary/clerk-attested copy of the governing body's resolution authorizing them to do so.
 - f. For a state or federal executive branch agency, the local director/supervisor who is delegated power to transfer property is required to sign for the agency and to furnish to the Waterworks District a copy of the administrative law which delegates such power certified by the secretary of state or the executive.